

CITY OF BALTIMORE

PARKING FACILITIES FUND

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2003

(WITH REPORT OF INDEPENDENT AUDITORS THEREON)

CITY OF BALTIMORE
PARKING FACILITIES FUND
FINANCIAL STATEMENTS
JUNE 30, 2003

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors.....	1
Statement of Net Assets.....	2
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-14



DEPARTMENT OF AUDITS
Room 321, City Hall
Baltimore, Maryland 21202

Report of Independent Auditors

December 9, 2003

The Mayor, City Council, Comptroller and
Board of Estimates of the City of Baltimore, Maryland

We have jointly audited the accompanying basic financial statements of the Parking Facilities Fund of the City of Baltimore, Maryland, as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the City of Baltimore, Maryland's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Parking Facilities Fund and do not purport to, and do not present fairly the financial position of the City of Baltimore, Maryland, as of June 30, 2003, and the changes in its financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Facilities Fund of the City of Baltimore, Maryland, as of June 30, 2003, and changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Yovonda D. Brooks
City Auditor
Department of Audits

Ernst & Young LLP
Independent Auditors

CITY OF BALTIMORE
Parking Facilities Fund
Statement of Net Assets
June 30, 2003
(Expressed in Thousands)

Assets:

Current assets:

Cash and cash equivalents..... \$ 13,785

Accounts receivable:

Accrued interest receivable..... 326

Working capital advances..... 50

Current restricted assets:

Cash and cash equivalents..... 46,925

Investments..... 4,382

Total current assets..... 65,468

Noncurrent assets:

Restricted assets:

Mortgages receivable..... 57,189

Capital assets, net..... 98,714

Unamortized bond issuance costs..... 3,239

Total noncurrent assets..... 159,142

Total assets..... 224,610

Liabilities:

Current liabilities:

Accounts payable and accrued liabilities..... 684

Accrued interest payable..... 3,351

Due to other funds..... 2,185

Accounts payable from restricted assets..... 188

Revenue bonds payable..... 4,355

Total current liabilities..... 10,763

Noncurrent liabilities:

Revenue bonds payable..... 186,414

Total noncurrent liabilities..... 186,414

Total liabilities..... 197,177

Net Assets:

Restricted for:

Debt service..... 24,415

Future capital expenditures..... 26,892

Unrestricted (deficit)..... (23,874)

Total net assets..... \$ 27,433

See notes to financial statements.

CITY OF BALTIMORE
Parking Facilities Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2003
(Expressed in Thousands)

Operating revenues:	
Parking garage space rentals.....	\$ 13,927
Interest income.....	2,940
City pledged revenues:	
Parking fines and penalties.....	16,219
Parking meter collections.....	4,930
Other parking income.....	11,867
Total operating revenues.....	<u>49,883</u>
Operating expenses:	
Contractual services.....	6,845
Depreciation.....	1,070
Total operating expenses.....	<u>7,915</u>
Operating income.....	<u>41,968</u>
Nonoperating revenues (expenses):	
Gain on sale of investments.....	23
Gain on disposal of property.....	385
Interest (expense), net.....	<u>(5,555)</u>
Total nonoperating (expenses).....	<u>(5,147)</u>
Income before transfers.....	36,821
Transfers to Baltimore City - general fund.....	<u>(31,992)</u>
Changes in net assets.....	4,829
Total net assets - beginning.....	22,604
Total net assets - ending.....	<u>\$ 27,433</u>

See notes to financial statements.

CITY OF BALTIMORE
Parking Facilities Fund
Statement of Cash Flows
For the Year Ended June 30, 2003
(Expressed in Thousands)

Cash flows from operating activities:	
Receipts from customers.....	\$ 49,922
Payments to suppliers.....	<u>(8,598)</u>
Net cash provided by operating activities.....	<u>41,324</u>
Cash flows from noncapital financing activities:	
Operating transfers out.....	<u>(31,992)</u>
Cash flows from capital and related financing activities:	
Mortgages receivable principal payments.....	1,649
Principal paid on revenue bonds.....	(3,690)
Interest paid.....	(6,908)
Acquisition and construction of capital assets.....	(9,588)
Gain on disposal of property.....	385
Changes in restricted assets.....	<u>(17,121)</u>
Net cash provided by capital and related financing activities	<u>(35,273)</u>
Net (decrease) in cash and cash equivalents.....	(25,941)
Cash and cash equivalents - beginning of year	<u>86,651</u>
Cash and cash equivalents - end of year	<u><u>\$ 60,710</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income.....	<u>\$ 41,968</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense.....	1,070
Changes in assets and liabilities:	
Accounts receivable.....	38
Accounts payable and accrued liabilities.....	217
Accrued interest payable.....	(30)
Due to other funds.....	<u>(1,939)</u>
Total adjustments.....	<u>(644)</u>
Net cash provided by operating activities.....	<u><u>\$ 41,324</u></u>

See notes to financial statements.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

1. Description of the Fund

The City of Baltimore Parking Facilities Fund (the Fund) was established to provide funds to finance and refinance the cost of acquisition and construction of certain parking facilities in Baltimore City (City).

These financial statements relate only to the operation of this enterprise fund and are not intended to present the financial position, changes in financial position and cash flows of the City.

2. Summary of Significant Accounting Policies

The accounting and financial reporting policies of the Fund conform to accounting principles generally accepted in the United States (GAAP) and reporting standards as promulgated by the Governmental Accounting Standards Board (GASB) for enterprise funds.

The Fund follows FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recorded at the time they are earned and expenses are recorded when incurred, regardless of when the related cash flows take place. Operating revenues are those that result from the services provided by the Fund, all other revenue is considered non-operating.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the Fund.

Investments

Investments with maturities of less than one year from purchase date are reported at cost, which approximates fair value. Other investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

Interest

Interest income includes interest earned on mortgages and is recognized as operating income. Interest expense represents bond interest expense net of investment income.

Restricted Assets

Restricted assets consist of resources that are legally obligated for the acquisition and improvement of capital facilities and revenue bond requirements.

Use of Restricted Assets

When an expense is incurred for which restricted and unrestricted resources are available to pay the expense, it is the Fund's policy to apply the expense first to restricted resources and then to unrestricted resources.

Capital Assets

Purchased or constructed capital assets are reported at historical cost. Capitalization thresholds are \$250,000 for buildings and improvements, and \$5,000 for equipment.

Depreciation is computed using the straight-line method over the estimated useful lives, as follows:

Buildings	50 years
Improvements	20-50 years
Equipment	2-25 years

Amortization

Bond issuance costs are amortized over the life of the issue using the straight-line method, the effect of which is not materially different than the effective interest method. Gains and losses on the early extinguishment of debt are amortized over the shorter of the life of the new or old debt.

3. Cash Deposits and Investments

The Fund participates in the City's pooled cash account. At June 30, 2003, the Fund's share of the City's pooled cash account was \$13,785,000. All of the City's pooled cash deposits are either insured by the Federal Deposit Insurance Corporation (FDIC), or collateralized by securities held in the name of the City by the City's agent.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

In accordance with State law, the City is authorized to invest in direct or indirect obligations of the U.S. government, certificates of deposit, repurchase agreements and related mutual funds. City policy requires that securities underlying repurchase agreements must have a market value of at least 100% of the cost of the repurchase agreement, and the City takes possession of the securities when the repurchase agreement's maturity is over five days. Management believes the City has complied with this policy throughout the year.

Investments at June 30, 2003 are summarized below. Investments represented by specific identifiable investment securities are classified as to credit risk by the three categories below:

- Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

The following schedule classifies the investments into the above noted categories:

<u>June 30, 2003</u>	<u>Expressed in Thousands</u>	
	<u>Category 1</u>	<u>Carrying Value</u>
Guaranteed Investment Contract...	\$ 4,382	\$ 4,382
Mutual funds (uncategorized).....		<u>46,925</u>
		51,307
Less: cash equivalents.....		<u>46,925</u>
Total.....		<u>\$ 4,382</u>

4. **Mortgages Receivable**

The Fund has mortgages receivable at June 30, 2003 from various parking garage operators of \$57,189,000 collateralized by real property. The notes bear interest at rates ranging from 6.0% to 6.7% and mature over 30 years.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

5. Capital Assets

Capital Assets and the related accumulated depreciation (amounts expressed in thousands) recorded in the Fund as of June 30, 2003 are as follows:

	Balance <u>June 30, 2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2003</u>
Capital assets not being depreciated:				
Land	\$ 2,375	-	-	\$ 2,375
Construction in progress	44,555	11,903	-	56,458
Total capital assets not being depreciated	46,930	11,903	-	58,833
Capital assets being depreciated:				
Buildings and improvements	52,403	-	-	52,403
Equipment	538	-	-	538
Total capital assets being depreciated	52,941	-	-	52,941
Less accumulated depreciation for:				
Buildings and improvements	11,661	1,048		12,709
Equipment	329	22		351
Total accumulated depreciation	11,990	1,070	-	13,060
Total capital assets being depreciated, net	40,951	(1,070)	-	39,881
Total capital assets, net	\$87,881	\$10,833	\$ -	\$98,714

Interest is capitalized on assets constructed with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. During fiscal year 2003, interest expense of \$2,315,000 (net of interest income of \$865,000) was capitalized.

At June 30, 2003 the Fund had outstanding commitments for construction of \$160,000.

6. Revenue Bonds

The City has issued refunding revenue bonds, the proceeds of which were used to refinance existing debt of the Fund. Assets with a carrying value of \$24,415,000 at June 30, 2003 and certain revenues of the Fund are pledged as collateral for the bonds. Bonds outstanding (amounts expressed in thousands) as of June 30, 2003 consist of:

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

Serial bonds series 1992-B maturing July 1, 2003 in the amount of \$510,000 with interest of 7.95%.....	\$ 510
Serial bonds series 1993-A maturing in annual installments from \$3,040,000 to \$3,810,000 from July 1, 2003 through July 1, 2008, with interest ranging from 4.45% to 4.7%, payable semiannually.....	20,455
Serial bonds series 1997-B maturing in annual installments from \$300 to \$495 from July 1, 2002 through July 1, 2010, with interest ranging from 6.3% to 6.5%, payable semiannually.....	3,210
Auction rate notes series 2002, payable monthly due July 1, 2003..	80,770
Term bonds series 1992-B with interest at 8.4%, payable semiannually, due July 1, 2011.....	5,955
Term bonds series 1993 with interest at 5.1%, payable semiannually, due July 1, 2013.....	3,395
Term bonds series 1993 with interest at 5.0%, payable semiannually, due July 1, 2018.....	4,330
Term bonds series 1997-A with interest at 5.9%, payable semiannually, due July 1, 2013.....	21,760
Term bonds series 1997-A with interest at 6.0%, payable semiannually, due July 1, 2018.....	29,040
Term bonds series 1997-B with interest at 6.75%, payable semiannually, due July 1, 2017.....	4,510
Term bonds series 1997-B with interest at 6.625%, payable semiannually, due July 1, 2022.....	4,735
Term bonds series 1997-B with interest at 6.625%, payable semiannually, due July 1, 2027.....	6,525
Term bonds series 1998-A with interest at 4.9%, payable semiannually, due July 1, 2011.....	175

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2014.....	1,770
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2017.....	2,060
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2021.....	<u>3,300</u>
	192,500
Less unamortized charges.....	<u>1,731</u>
	<u>\$190,769</u>

Changes in long-term obligations for the year ended June 30, 2003 is as follows (amounts expressed in thousands)

	Balance June 30, <u>2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2003</u>	Amounts Due Within <u>One Year</u>
Revenue Bonds	\$196,190		\$3,690	\$192,500	
Less: Unamortized charges	<u>2,536</u>		<u>805</u>	<u>1,731</u>	
Total Revenue Bonds Payable	<u>\$193,654</u>		<u>\$2,885</u>	<u>\$190,769</u>	<u>\$4,355</u>

The series 1992B term bonds due July 1, 2011, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2004, at annual principal amounts ranging from \$550,000 to \$970,000. The serial bonds series 1993 due July 1, 2004 and July 1, 2005, are subject to redemption prior to maturity beginning on and after July 1, 2003, at redemption prices ranging from 102% to 100% of the principal amount. The series 1993 term bonds due July 1, 2013 and July 1, 2018, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2009, at annual principal amounts ranging from \$615,000 to \$960,000. The series 1997A term bonds due July 1, 2013, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2009, at annual principal amounts ranging from \$3,860,000 to \$4,870,000. The series 1997A term bonds due July 1, 2018, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2014, at annual principal amounts ranging from \$5,160,000 to \$6,505,000. The serial bond series 1997B due July 1, 2010, are subject to redemption prior to maturity beginning on and after July 1, 2007, at redemption

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

prices ranging from 101% to 100% of the principal amount. The series 1997B term bonds due July 1, 2017, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2011, at annual principal amounts ranging from \$525,000 to \$775,000. The series 1997B term bonds due July 1, 2022, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2018, at annual principal amounts ranging from \$830,000 to \$1,070,000. The series 1997B term bonds due July 1, 2027, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2023, at annual principal amounts ranging from \$1,145,000 to \$1,475,000. The series 1998A term bonds due July 1, 2011, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2003, at annual principal amounts ranging from \$15,000 to \$25,000. The series 1998A term bonds due July 1, 2014, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2012, at annual principal amounts ranging from \$560,000 to \$620,000. The series 1998A term bonds due July 1, 2017, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2015, at annual principal amounts ranging from \$650,000 to \$725,000. The series 1998A term bonds due July 1, 2021, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2018, at annual principal amounts ranging from \$760,000 to \$890,000. On June 25, 2002 the City issued \$80,770,000 in taxable variable rate demand bonds to construct various parking facilities in the City. The bonds mature serially starting on July 1, 2003 through July 1, 2032. The series 2002 bonds are subject to mandatory sinking fund redemption prior to maturity beginning on or after July 1, 2003, at a redemption price of 100% of the principal amount plus interest accrued to the redemption date. The series 2002 term bonds due July 1, 2032, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund on or after July 1, 2003, at annual principal amounts ranging from \$470,000 to \$7,900,000.

The bonds bear interest at a variable rate that is reset by the Remarketing Agent on a weekly basis. Initially, the Remarketing Agent will use a “Dutch Auction” to set the weekly rate that will be used to remarket the bonds. Under the terms of the indenture, the City at its options may change the bond rate to a monthly or long-term rate at any time until maturity upon notification of the bondholders.

In conjunction with the issuance of the bonds, Dexia Credit Local, New York (Bank) issued a standby purchase agreement (Agreement) in the amount of \$88,174,000 in favor of the City and M & T Bank as trustee. The Agreement expires June 27, 2009, but can be extended for additional years. The existing Agreement permits the fiscal agent to draw amounts necessary to pay the principal portion and related accrued interest on the bonds tendered for purchase and not remarketed.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

Pursuant to the Agreement between the City and the Bank, the issuer is required to reimburse the Bank the amount drawn upon remarketing or in a lump sum payment, as of June 27, 2009, whichever is earlier. If the takeout agreement were to be exercised because the entire issue of \$80,770,000 of demand bonds was put but not resold, the City would be required to pay approximately \$4,600,000 in interest plus principal payments of approximately \$700,000 per year through 2008 with a lump sum payment of the remaining principal at the end of the agreement. The interest rate on draws made under this agreement is the prime rate plus 1%.

The City is required to pay the Bank's fee throughout the effectiveness of the Agreement equal to 0.225% per annum of the average daily amount of the available commitment.

During fiscal year 2003, the City made no draws under the Agreement, and no amounts drawn against the Agreement were outstanding at June 30, 2003.

Principal maturities (amounts expressed in thousands) and interest on revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Swap Interest Rate Net(a)</u>
2004.....	\$ 4,355	\$ 7,312	\$ 4,046
2005.....	4,680	7,101	4,019
2006.....	4,900	6,873	3,990
2007.....	5,330	6,630	3,954
2008.....	5,570	6,370	3,914
2009-2013.....	34,620	26,815	18,922
2014-2018.....	44,620	16,400	17,544
2019-2023.....	26,600	6,834	15,507
2024-2028.....	26,825	3,538	11,510
2029-2033.....	35,000	965	4,639
Total.....	<u>\$192,500</u>	<u>\$88,838</u>	<u>\$88,045</u>

(a) Interest Rate Swap Net payments represent estimated payments for additional interest resulting from swap agreements to counterparties. The additional payments were computed using rates as of June 30, 2003, assuming current interest rates remain the same for their term. As rates vary, variable rate bond interest payments and net swap payments will vary.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

7. Prior-Year Defeasance of Debt

In prior years, the City defeased certain revenue bonds and other obligations by placing the proceeds of new debt issues in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the Fund's financial statements. At June 30, 2003, \$4,110,000 of debt outstanding of the Fund is considered defeased, which includes debt defeased during the current year.

8. Interest Rate Swaps

Objectives of the swaps. In order to protect the City against fluctuations in interest rates, the City has entered into 2 interest rate swap agreements for the Fund. The City's asset/liability strategy is to have a mixture of fixed and variable rate debt to take advantage of anticipated fluctuations in future interest rates, and also to provide the City with low synthetically created rates while providing reasonably predictable future debt service requirements.

Terms, fair value and credit risk. The terms, fair values and credit rating of the outstanding swaps as of June 30, 2003, were as follows. The notional amounts of the swaps match the principal amount of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds payable" category.

Outstanding Bonds	Effective Date	Termination Date	Interest Rate Paid by City	Interest Rate Received	Notional Amount	Fair Value	Counterparty Credit Rating
<i>Floating to Fixed Swaps</i>							
2002 Revenue Bonds	6/19/2002	7/1/2032	6.098%	1M LIBOR	\$ 69,950,000	\$ (14,372,925)	AA+/Aa2
2002 Revenue Bonds	6/19/2002	7/1/2025	5.915%	1M LIBOR	10,820,000	(1,834,083)	AA+/Aa2
Total Outstanding SWAPS					\$ 80,770,000	\$ (16,207,008)	

Fair Value. Because interest rates have declined, the 2 swaps had a negative fair value as of June 30, 2003. For these fixed rate swap agreements, the fair value was (\$16,207,008). The fair values were estimated using the zero-coupon method. This method calculates the net future settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk. As of June 30, 2003, the City is not exposed to credit risk on the 2 outstanding swaps because the swaps have negative fair value. However, should the interest rates change and the fair values of the swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' fair value.

CITY OF BALTIMORE
Parking Facilities Fund
Notes to the Financial Statements

The swap agreements contain varying collateral agreements with counterparties. In general, these agreements require full collateralization of the fair value of the swap should the counterparty's credit rating fall below Baa as issued by Moody's or BBB as issued by Standard and Poors. The Fund's swap agreements are with a counterparty with a rating of AA+/Aa2. Collateral on all swaps is to be in the form of U. S. government securities held by the City.

Interest rate risk. Since the Fund's swaps receive fixed rate payments, the City is exposed to interest rate risk. As the LIBOR rate changes, expected savings could increase or decrease depending on the relationship between the fixed payments and the variable rate.

Termination risk. The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap contract has a negative fair value, the City would be liable to the counterparty for that payment.

9. Related Party Transactions

During fiscal year 2003, the Fund transferred \$31,992,000 to the City's General Fund. These transfers represent revenues consisting of parking fines, penalties, meter collections and other parking revenues, which were initially pledged as security for the revenue bonds. The revenues are held by the Fund until such time as it is determined, in accordance with the bond indentures, that the revenues will not be needed to pay current debt service.

Contractual services expenses consist primarily of management fees for the operation of the Fund's parking garages. The cost of collecting pledged revenues and other costs relating to the management of the Fund's operations are borne by the City's General Fund and are not included in the operating expenses of the Fund.

10. Transfers

The fund transferred \$31,992,000 of revenue not required for the operation of the Parking Fund to the City's General Fund.